

For the first four months of Calendar Year (CY) 2008, the Department will provide operating subsidies to public housing agencies (PHAs) via an interim obligation letter. These letters will be posted on the Department's asset management web page. The amount of subsidy that will be provided to each PHA will be based on their CY 2007 subsidy eligibility, adjusted for inflation and appropriations levels. By basing the interim obligation letters for this first four months of funding on 2007 eligibility data, the Department can provide PHAs more time to prepare and submit their 2008 subsidy forms through the Subsidy and Grants Information System (SAGIS).

For CY 2008, PHAs will be completing project-level subsidy worksheets. Consequently, the initial interim obligation letter will identify an obligation amount for each project, which will be calculated based on each project's percentage of the total public housing units under Annual Contributions Contract. For subsequent rounds of subsidy, once all the submissions have been made in SAGIS, the Department will produce an obligation letter for each project. These subsequent obligation letters will be based on the approved CY 2008 operating subsidy for each project, adjusted both for proration and for any amounts obligated in the first three months.

Under PIH Notice 2007-9, PHAs have complete fungibility between projects in the first year of project-based budgeting and accounting. Consequently, while the Department will make an assignment of operating subsidy on a project-by-project basis in 2008, the PHA can freely use its operating subsidies across projects. Hence, although the initial obligation letter will identify an amount associated with each project's subsidy, the PHA has full discretion to assign subsidy between projects and the Central Office Cost Center.